February 4, 2004

Ms. Jennifer Johnson
Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, NW
Washington, DC 20551

Re.: Proposed amendments to Regulations B, E, M, Z and DD to adopt a "clear and conspicuous" standard for consumer disclosures

Dear Sir or Madam:

Cambridge Trust Company is a nine branch, $690mm community bank with its main office in Cambridge, Massachusetts. We appreciate this opportunity to offer comments on the above referenced proposal.

As we understand it, the goal of the Federal Reserve Board in making the proposal is to facilitate compliance for financial institutions by creating consistency, and to ensure that consumers receive noticeable and understandable information. In order to be considered "clear and conspicuous" disclosures would have to be written in plain language headings, specific typeface sizes, wide margins and ample line spacing, use boldface or italics for key words, and use distinctive type size, style and graphic devices to call attention to combined disclosures. "Reasonably understandable" disclosures would present information in clear, concise sentences, paragraphs and sections, use short explanatory sentences or bullet lists whenever possible, use definite, concrete, everyday words and active voice, avoid multiple negatives, avoid legal and highly technical business terminology whenever possible, and avoid explanations that are imprecise and readily subject to different interpretations The form of disclosures would be made consistent among the various consumer protection regulations.

Cambridge Trust Company has considered the impact of the proposed changes on its customers as well as the Bank and does not support the proposed amendments. Please consider the following:

1. *The formatting and verbal requirements that would make disclosures "clear and conspicuous" and "readily understandable" under the proposal are subjective and could open financial institutions up to expensive lawsuits.* The disclosures currently required by the consumer protection regulations are specific and considerable. The disclosures required by Regulation Z are highly technical and even require use of specific language, while those required by Regulations E or P are less technical in nature. Many financial institutions have based their disclosures on the sample language provided in the appendices of the consumer protection regulations. How would a financial institution describe a confusing term such *annual percentage rate,* that is based on complicated calculations, in more clear language than that already provided in the model language other than by providing and attempting to explain the mathematical calculation examples from the appendices to Reg. Z? Could the language and format of such a disclosure be clear and readily understandable to one customer but not another? In the case of a dispute, who would determine whether the disclosure was clear, conspicuous and readily understandable?

2. *When they open accounts consumers receive an overwhelming amount of disclosure information and they are not inclined to review most of it.* Increasing the font, bolding or otherwise reformatting them to increase readability will make the disclosures more lengthy and may make customers even less inclined to review them.

3. *Cambridge Trust Company has not received any consumer complaints or other indication that the disclosures are inadequate or misunderstood by its customers.* The Agencies have not indicated that the proposed changes are based on consumers' inability to understand current disclosures.

4. *The changes required by the proposal would be costly to all banks. Especially smaller banks, that do not rotate the supply of materials as quickly as larger banks.* The disclosures required by Regulations B, E, Z and DD are scattered throughout a bank's loan and deposit product materials, which would all have to be reprinted. As an example, Cambridge Trust Company's Account Information packet, which includes the disclosures required by Regs CC, DD, E and P and other important information for our customers, would have to be reprinted at a cost of $12,500 plus the cost of all edits. Also, many banks include the error resolution notice disclosure required by Reg. E on their monthly deposit statements. If formatting changes require eliminating the notice from the monthly statement in favor of an annual mailing, customers could be negatively impacted if this important information is not readily available at the time they review their monthly account statements. The Bank would also have to absorb the cost of the printing and annual mailing of the notice.

5. *In the January 21, 2004 Federal Register the Agencies published a Request for Burden Reduction Recommendations on the lending-related rules of the consumer protection regulations. It is anticipated that at some point in the future the Agencies would request burden reduction recommendations on the deposit and electronic banking regulations.* We urge you to review the recommendations you receive under these proposals before changing the disclosure requirements of the current regulations. If the recommendations support, and, based on consumer feedback, the Agencies conclude that the current disclosures [which are generally based on the model language of the regulations] do not facilitate consumers' understanding of their accounts or enhance their ability to "shop" for bank services, modifications and model language that would achieve the "clear and conspicuous" and "readily understandable" goals of the Agencies could be proposed at that time. It would be less confusing for consumers and less costly for financial institutions if any changes resulting from the proposals were to occur at one time, rather than in stages.

Thank you for the opportunity to present our views.

Sincerely,

Ana M. Foster
Compliance Officer